

Message Text

LIMITED OFFICIAL USE

PAGE 01 JIDDA 03101 031454Z

70

ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FRB-03 FEA-01 PA-01 PRS-01

USIA-06 /104 W

----- 014921

R 031417Z MAY 75

FM AMEMBASSY JIDDA

TO USMISSION EC BRUSSELS

INFO SECSTATE WASHDC 1088

LIMITED OFFICIAL USE JIDDA 3101

FROM: THE AMBASSADOR

E.O.: 11652: N/A

TAGS: ENRG, SA, US

SUBJ: PRESS ATTACK ON U.S. OIL POLICY

REF : EC BRUSSELS 3870

1. IN LATE 1969 AND EARLY 1970, IN FACT UNTIL 1973, THE CONVENTIONAL WISDOM WAS THAT OIL PRICES WERE LOW AND WOULD GO LOWER, THAT OPEC WAS ABOUT TO COLLAPSE, AND THAT THERE WAS A QUASI-INFINITE QUANTITY OF OIL IN THE WORLD. THE CONSUMERS, THEREFORE, HAD NOTHING TO DO EXCEPT RELAX AND ENJOY CHEAP AND ABUNDANT ENERGY SUPPLIES. NOTHING NEEDED TO BE DONE TO CONSERVE ENERGY OR DEVELOP OTHER ENERGY SOURCES.

2. FROM 1970 ON, I DID INDEED SAY IN USG CIRCLES, IN THE OECD, AND ALSO PUBLICLY THAT WE WERE LIVING IN A FOOL'S PARADISE; THAT OIL PRICES WOULD GO UP TO \$5.00/BARREL

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 JIDDA 03101 031454Z

BY 1980; THAT WE MUST PREPARE FOR THESE HIGHER PRICES

AND FOR THE POSSIBILITY OF RESTRICTED SUPPLIES. I EVEN PROPOSED THAT USG GUARANTEEING TO PAY FOR 5.00/BARREL (IN 1970 DOLLARS) FOR DOMESTIC OIL PRODUCED FROM NON-CONVENTIONAL SOURCES (SHALE AND COAL) IN 1980. THIS WOULD HAVE GIVEN DEVELOPERS THE ASSURANCES THEY NEEDED TO START WORK. AS I THOUGHT THE PRICE COULD BE EVEN HIGHER, THE USG COULD THEN MAKE A TIDY PROFIT ON THE TRANSACTIONS. THIS IS ESSENTIALLY THE "MINIMUM OIL PRICE" THE USG IS NOW ADVOCATING.

3. THERE WERE ACCUSATIONS FROM THE FRENCH IN 1971-72 THAT THE USG FAVORED HIGHER OIL PRICES (THEY MADE ESSENTIALLY THE SAME ATTACH DE BONDT IS NOW MAKING). APPARENTLY DE BONDT'S CHARGE IS THAT RECOGNITION OF A PROBLEM IS EQUIVALENT TO RESPONSIBILITY FOR THE PROBLEM.

4. I WOULD STRONGLY URGE THAT THERE BE NO RPT NO RESPONSE TO DE BONDT UNLESS A CONCERTED ANTI-U.S. CAMPAIGN IS LAUNCHED. EVEN THEN, A U.S. RESPONSE WOULD PROBABLY NOT BE USEFUL. MR. DE BONDT'S ATTENTION, HOWEVER, MIGHT BE DRAWN TO THE SECOND CLUB OR ROME REPORT "MANKIND AT THE TURNING POINT," WHICH DESCRIBES AT LENGTH THE DISASTER WHICH WOULD HAVE BEFALLEN THE WORLD IF OPEC OIL HAD REMAINED CHZLP AND THE CONSUMING NATIONS HAD NOT, AND THEY WOULD NOT HAVE, DISCIPLINED THEMSELVES TO CONSERVE ENERGY AND DEVELOP NEW ENERGY SOURCES.
AKINS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, PETROLEUM, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 03 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975JIDDA03101
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750156-0341
From: JIDDA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750583/aaaacxwq.tel
Line Count: 88
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 EC BRUSSELS 3870
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 09 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 APR 2003 by Izenbel0>; APPROVED <15 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS ATTACK ON U.S. OIL POLICY
TAGS: ENRG, SA, US
To: EC BRUSSELS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006